



**Director of
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JAPAN: Improving COCOM Enforcement

The Japanese have told US officials that Tokyo is moving to improve enforcement of restrictions on exports of high technology to Communist countries.

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Special funds have been allocated to upgrade liaison among the ministries and government agencies charged with enforcing COCOM restrictions and to retain personnel directly involved. Tokyo plans to increase public awareness of the restrictions by publishing a handbook on arms control and COCOM lists. The Japanese also have indicated a willingness to discuss enforcement questions with the US more often and to support a meeting this year of the COCOM Subcommittee on Export Controls.

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Comment: These moves are part of Tokyo's continuing efforts to satisfy US concerns about Japanese export control procedures. For the most part, they are in direct response to suggestions made by US official visitors. A stricter policy on entrance visas for visiting Soviet technical delegations is another example of Tokyo's growing sensitivity to US appeals.

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The extent to which these moves will stem the flow of strategic technology to the USSR and China is unclear. The Trade Ministry's apparent willingness to cooperate could improve Japanese performance.

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On the other hand, the Japanese have made no mention of expanding the role of the National Police. The National Police monitors the involvement of Soviet intelligence services in illegal trade and scientific and technical collection. It also is partly responsible for investigating trade violations.

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INDONESIA: Political and Economic Prospects

President Soeharto's recent changes in his cabinet and the military leadership are intended to strengthen administrative performance and eliminate potential rivals, and they do not portend drastic shifts in political or economic policy.

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Soeharto moved quickly to form a new cabinet following his reelection in mid-March to a fourth five-year term. He shunted aside his strongest potential challenger, Defense Minister Jusuf. The President also appointed only those proven loyal to him to top positions.

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The new cabinet includes more ministers from Java, Soeharto's home island, and preserves the military's strong grip on key portfolios. Despite making a few cosmetic changes to placate critics, Soeharto continues to deny the opposition parties and the Muslims an effective political role.

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Comment: The appointments reaffirm Soeharto's dominance and suggest no intent to groom a successor. By splitting the offices of Defense Minister and Armed Forces Commander—both formerly held by Jusuf—Soeharto has dispersed power in the military while opening commands to younger officers. Even so, General Murdani, the new Armed Forces Commander, will have considerable authority if he retains his several intelligence roles following a major restructuring of the security services.

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The appointment of a number of loyalists with reputations as hardliners probably reflects growing concern in the government that deteriorating economic conditions and additional austerity measures could foster civil disturbances. The current financial squeeze will force more economic retrenchment beyond the 27-percent devaluation this week, but the key economic appointments give little hint of how Soeharto will deal with the problems.

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The reappointment of Foreign Minister Mochtar suggests that Soeharto remains committed to an officially nonaligned but quietly pro-Western foreign policy. No major change in relations with the US is likely soon. Over time, however, Indonesia's financial strains may increase frictions with Washington.

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The Soviet YAK-38 Forger A



Maximum payload: 2,000 kg
Combat range with 2x500 kg bombs—
Vertical takeoff: 185 km
Rolling takeoff: 390 km

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USSR: Problems With Vertical Takeoff Aircraft

The YAK-38 Forger, the Soviets' only shipboard aircraft, has been plagued with technical problems and poor performance that restrict its ability to support naval operations. [REDACTED]

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Although the aircraft looks like the British Harrier, the two differ substantially. The Forger has three engines, two of which are used only for takeoff and landing and are deadweight during level flight. The Harrier's single engine, with four swiveling nozzles, makes it more maneuverable in combat. [REDACTED]

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Short range and light payloads limit the Forger's capability. The Soviets have no other fixed-wing aircraft, however, that can operate from their three aircraft carriers. They are unlikely to achieve any significant combat capability with shipboard planes until a new vertical takeoff aircraft becomes available in the late 1980s, or when a catapult-equipped carrier capable of launching conventional aircraft becomes operational in the early 1990s. [REDACTED]

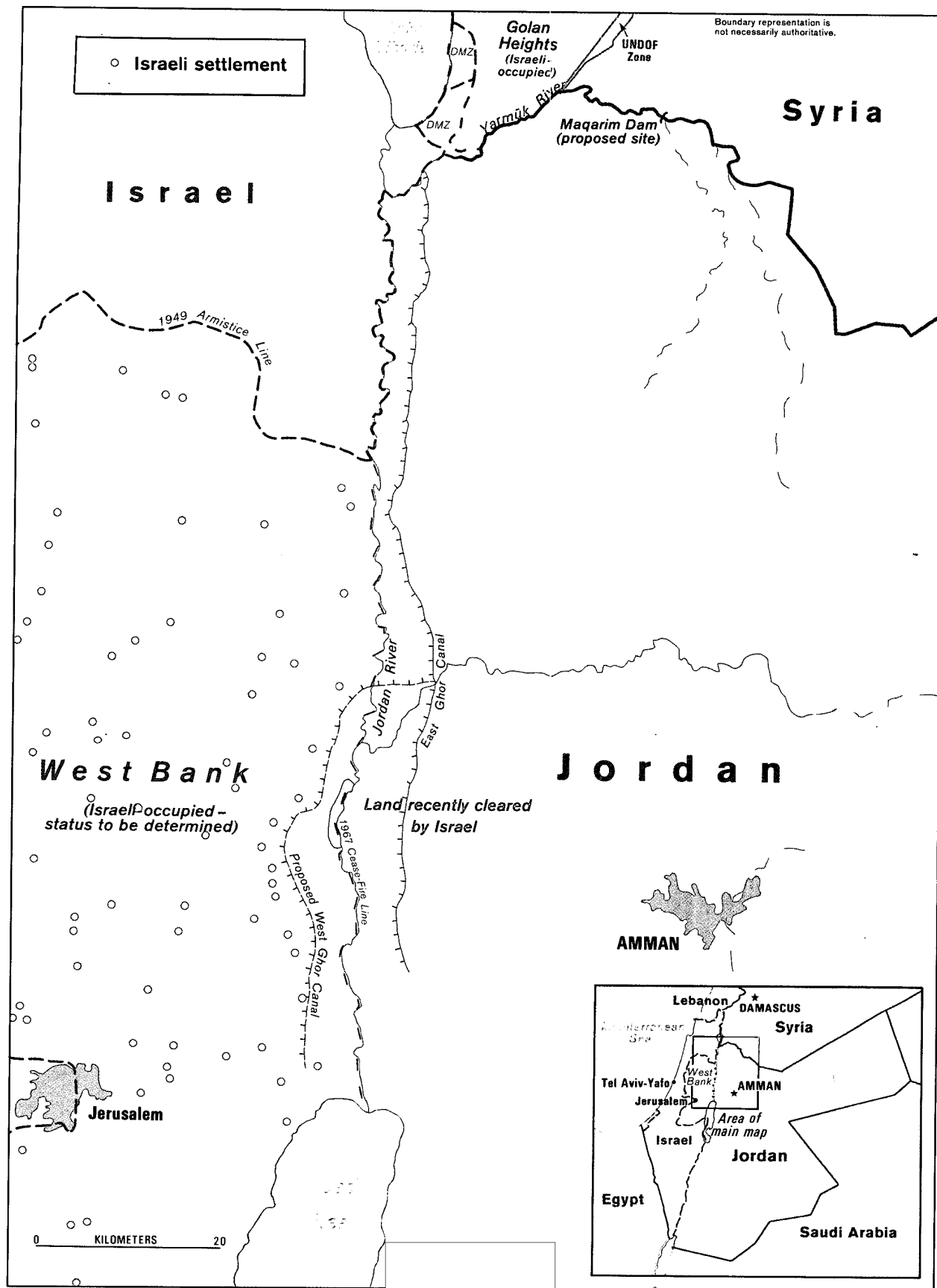
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ISRAEL-JORDAN: Tension Over Water Rights

Israel's recent pumping of water from the Jordan and Yarmouk Rivers is viewed by Jordan as a serious violation of its water rights and an Israeli attempt to establish prior-use claims to the water. [redacted] (OC)

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Israeli officials confirm Jordanian claims that water is being removed from the lower Jordan River for use in irrigating recently cleared land, and that increased amounts are being pumped from the Yarmouk River into Lake Tiberias. The Israelis insist that these are only temporary efforts to tap unusually heavy runoff and do not indicate a new policy or an attempt to claim water belonging to Jordan. [redacted]

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Jordanian authorities have denied to US officials that the Israelis have a right to any water from the Jordan River south of Lake Tiberias other than a negotiated share of the flow from the Yarmouk. They believe this current water use could lead to a claim unacceptable to Jordan. [redacted]

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Comment: Israel would have a strong interest in establishing control over this water for use by West Bank settlements. By gaining its undisputed use, the Israelis in the future might have an advantage in legal maneuvering over allocation of water from the planned Maqarim Dam project. [redacted]

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If Israel were to establish permanent control over the water it has diverted this season, Jordanian alternatives would be limited—as they have been on West Bank issues. Tel Aviv might be willing to compromise, but only if Jordan also were prepared to negotiate on the broad range of water-sharing issues. [redacted]

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EL SALVADOR: Military Setback

Guerrillas in Morazan Department recently seized the town of San Isidro and claim to have inflicted more than 100 casualties on one of the elite US-trained battalions trying to relieve it. Government sources have admitted to a US attache that one company of the battalion was mauled. Meanwhile, a government sweep in southern Chalatenango Department has ended after making little contact with insurgents. [REDACTED] NF)

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Comment: More attempts to ambush the elite units are likely, especially when they operate in isolated areas normally controlled by the guerrillas. The field commander in Chalatenango failed to receive all of the troops he had asked for, and he then scaled down the sweep operation there to avoid known insurgent base areas. [REDACTED]

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USSR: Status of Gas Pipeline Construction

[REDACTED]
[REDACTED] an additional 858 kilometers of the gas export pipeline were laid between 24 January and 10 March. This daily average of nearly 20 kilometers is roughly the same rate that Soviet press reports claim has been achieved since the beginning of the year. The Soviet media also report that a total of about 3,500 kilometers have been laid, leaving less than 1,000 kilometers to be completed this year, perhaps as early as August. [REDACTED]

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Comment: These claims probably are accurate, because winter is the peak construction season in Siberia and additional crews have been assigned to the project in recent months. Nevertheless, pipelaying is the least technically demanding part of the project, and much remains to be done in the construction of the compressor stations. The current plan to complete 17 of these this year appears ambitious. Even if these stations are not completed on time, however, the pipeline could be operated at less than full capacity, and initial gas deliveries could be made to Western Europe. [REDACTED]

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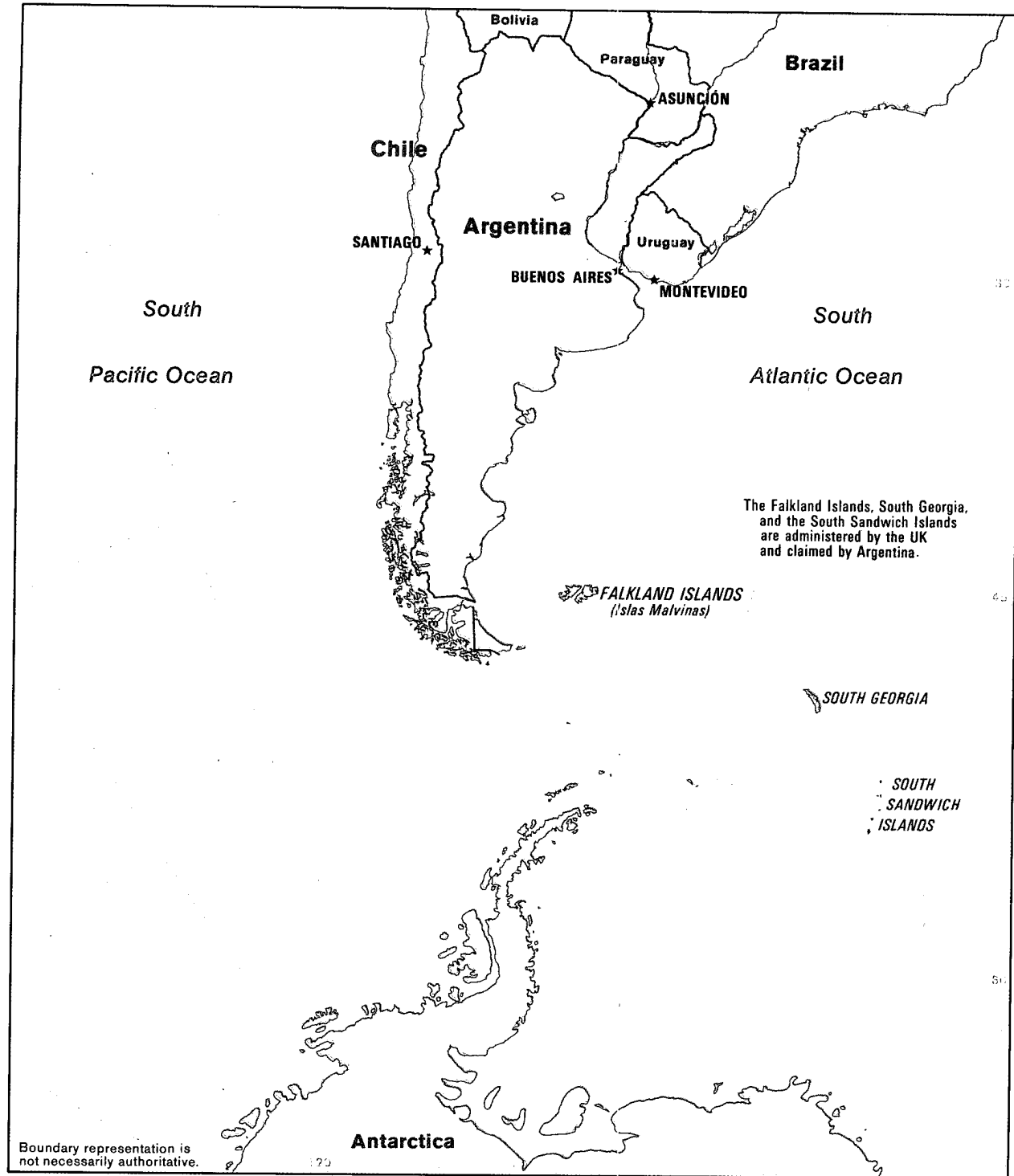
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Special Analysis**ARGENTINA-UK: One Year After the Invasion**

London and Buenos Aires are farther from agreement over the Falkland Islands than when the Argentines invaded the islands a year ago. Prime Minister Thatcher continues to oppose negotiations on the sovereignty issue. Although there is disagreement in Buenos Aires over many issues, the lameduck military administration enjoys substantial backing for its unyielding claim to sovereignty and insistence on talks. The Argentines may periodically harass British forces, but they do not have the ability to mount a successful invasion for at least the next year or so.

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Thatcher's position on sovereignty and her emphasis on the overriding importance of the wishes of the residents of the Falklands preclude negotiations on a basis acceptable to Argentina. She will maintain her tough stand at least through the national election and probably as long as she is Prime Minister.

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The defeat in the Falklands has left the Argentine military discredited and deeply divided. Key civilian leaders have spoken out in favor of recovering the islands, however, and have even alluded to renewed use of force if negotiations fail. Neither the Radicals nor Peronists—one of which will win the presidential election in October—is likely to change Argentina's position.

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Military Capabilities

Since the war ended, Argentina has engaged in a military rebuilding effort. Nevertheless, its current capabilities to conduct amphibious or airborne operations appear minimal at best.

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The Air Force has acquired replacement aircraft, but it is still involved in the time-consuming process of integrating them into operational units and training new pilots. The Navy would find it difficult to support any military initiatives because of ship losses, the age of the fleet, and the three- to four-year lag entailed in bringing new ships on line. Moreover, the military as a whole remains almost totally inexperienced in conducting and coordinating the type of joint service operations necessary to dislodge the British forces now in the Falklands.

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The British garrison, which probably will cost the UK more than \$700 million per year, consists of approximately 3,500 ground troops, eight F-4 and eight RAF Harrier fighter aircraft, two C-130 transports,

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and about 20 helicopters. Three of the helicopters have been fitted with airborne early warning gear, and 20 Rapier and 12 Blowpipe surface-to-air missile launchers are available for low-level air defense.

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The British naval presence near the islands consists of about 20 ships. These include two destroyers, three frigates, and one or two nuclear attack submarines.

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Diplomatic Prospects

In any attempt to resolve the sovereignty issue, some rightwing Tories probably would prefer a South Atlantic security pact, perhaps with US participation, to a bilateral deal with Argentina.

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Labor and the Social Democratic-Liberal Alliance appear more willing to seek discussions with Buenos Aires over sovereignty, perhaps at the UN. Spokesmen for the opposition also have placed less emphasis on the wishes of the Falklanders as the decisive factor in talks. Pressure from the Tories, public opinion about surrendering the islands, and suspicion about the nature of the Argentine regime, however, would limit the room for accommodation by an alternative government in London.

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Argentina currently is resigned to keeping the dispute in diplomatic channels. The Foreign Ministry's efforts to attract sympathy for its claims among Third World countries and, to a lesser extent, in the West have been partially successful. These efforts hold out some hope of increased international pressure on Thatcher.

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At the same time, sentiments among military and civilian leaders to regain the islands remain strong. London's continued refusal to renew negotiations could eventually build support for increasing military pressure on the Falklands.

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The Argentines could use their aircraft and ships in limited harassing actions. They also could carry out small-scale raids of the kind reportedly planned earlier this year.

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Buenos Aires could view such actions as an inexpensive way of recouping lost military prestige while at the same time putting additional pressure on London to renew negotiations. The UK, however, is alert for any military action. Its response to provocations probably would be conditioned by their scale and success.

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Implications for the US

Argentina's relations with the US will not improve rapidly. Even if Washington indicates interest in closer relations, Buenos Aires will have to continue demonstrating its independent foreign policy to protect its credentials in the Third World.

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Meanwhile, the suspicions prompted by the US role during the conflict remain strong—especially among middle-level officers—and will dissipate only gradually. A Peronist or Radical regime would be generally more critical of US policies in the hemisphere.

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The British are anxious to maintain close consultations with the US on the Falklands and are grateful for US warnings to Argentina to forgo any military actions in the South Atlantic. The British public and some officials, however, are still irritated by what they regard as a lack of wholehearted US support during the war. As a result, the UK will resent it if the US proceeds with reported plans to lift the ban on arms sales to Argentina.

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